

# APPENDIX 2

## GOVERNOR'S VETOES

**State of California**  
Governor's Office

I object to the following appropriations contained in Assembly Bill 1765.

Item 0250-490—Reappropriation, Judicial Council. I delete Provision 3.

I am deleting Provision 3 of this item as it is unnecessary and infringes on a process that is already well underway. The search process should be left up to the Judicial Council, in conjunction with the Department of General Services as the real estate experts, to determine the best site that meets the programmatic needs of the court who will ultimately reside on the property.

Item 3600-001-0001—For support of Department of Fish and Game. I revise this item by deleting Provision 2.

Provision 2 requires the Department of Fish and Game to develop a long-term sport fishing hatchery program and prohibits the Department from closing any fish hatcheries until January 1, 2004. This language inappropriately restricts administrative flexibility in addressing funding priorities with limited resources.

Item 3760-301-0005—For capital outlay, State Coastal Conservancy. I delete this item and Provisions 1, 2, and 3.

This language would exclude priority projects within San Luis Obispo and Santa Barbara counties from competing for these excess funds. I believe that any unencumbered balance from this Proposition 12 appropriation should revert to the Coastal Conservancy to be allocated to priority projects using established guidelines and criteria.

I am deleting Provisions 1, 2, and 3 to conform with this action.

Item 3860-496—Reversion, Department of Water Resources. I delete Provision 1 of this item.

I am deleting this language that would prohibit the transfer of funds from the General Fund to the Colorado River Management Account. A negotiated settlement of the Colorado River Quantification Settlement Agreement (QSA) is critical to ensure that the State's water needs are met. This language would weaken the Executive Branch's flexibility in negotiating with local water agencies that rely on water from the Colorado River, and reaching an ultimate agreement on the QSA.

Item 4120-001-0001—For support of Emergency Medical Services Authority. I delete Provision 1.

I am deleting Provision 1 because this language is not necessary. Provision 1 specifies that a reduction of \$138,000 be made to State operations only, and not to local assistance. The Emergency Medical Services Authority has already identified State operations reductions of \$68,000 General Fund in personal services and \$70,000 in operating expenses and equipment from the Disaster Medical Services Division.

Item 4130-001-0632—For support of California Health and Human Services Agency Data Center. I delete Provision 6.

I am deleting Provision 6, which would require the California Health and Human Services Agency Data Center to reduce its rates by at least 8 percent to achieve total savings of approximately \$20,000,000 in client departments' budgets. While I support the need for the Data Center to set rates that provide cost effective information technology services, this language would hamper the Data Center's ability to do so. Rates set by the Data Center are predicated on both costs and projected utilization. To the extent that client departments' funding for information technology is reduced, those departments would not have appropriate resources to pay for increased utilization. Any decrease in utilization from that projected in setting the rates would preclude the ability to actually lower the rates. This action conforms to my action on SEC. 9.70.

Item 4140-111-0236—For local assistance, Office of Statewide Health Planning and Development. I revise this item by deleting Provision 1.

In order to correct a technical error in the Budget Bill, I am deleting Provision 1, which would eliminate funding for the Rural Health Small Grants Program if legislation is enacted to amend the provisions of the Tobacco Tax and Health Protection Act (Proposition 99) to authorize Proposition 99 funds to be used to draw down federal funds for the Rural Health Demonstration Program within the Managed Risk Medical Insurance Board. Although legislation has been enacted to authorize the use of Proposition 99 funds for this purpose, there are sufficient Proposition 99 funds to provide funding for both programs in 2003-04. Therefore, I am sustaining the funding for the Rural Health Small Grants Program, which provides health care services to approximately 18,500 uninsured persons in rural areas of the State.

Item 4170-001-0001—For support of Department of Aging. I delete Provision 1.

I am deleting Provision 1 because it specifies that a reduction made to State operations cannot be allocated in a manner that affects State positions that provide direct services for the Department of Aging to the public or that administer the federal Older Americans Act programs. This language would restrict the Administration's ability to prioritize resources and deal with the legislative reduction based on programmatic needs of the Department of Aging.

Item 4220-001-0001—For support of Child Development Policy Advisory Committee. I delete this item.

I am deleting the legislative augmentation of \$668,000 (\$367,000 General Fund and \$301,000 Reimbursements), 5.4 positions for administrative support, and funding for the Child Development Policy Advisory Committee. The Committee is no longer functioning as all positions are currently vacant. Further, other State entities can be consulted for policy information and recommendations regarding child development and child care issues, at no additional cost to the State.

Item 4260-101-0890—For local assistance, Department of Health Services. I reduce this item from \$16,566,448,000 to \$16,409,608,000.

I am reducing this item by \$156,840,000 to correct a technical error in the Budget Bill. This technical veto is consistent with the Legislature's intent and legislative actions taken in this item.

Item 4440-101-0001—For local assistance, Department of Mental Health. I revise this item by reducing:

- (1) 10.25-Community Services--Other Treatment \$1,139,412,000 to \$1,127,228,000

I am reducing Program 10.25 by \$12,184,000 as a technical adjustment in order to conform to the legislative action to implement a 5-percent reduction to Mental Health Managed Care.

Item 5240-001-0001—For support of Department of Corrections. I reduce this item from \$4,739,474,000 to \$4,739,327,000 by reducing:

- (3) 31-Community Correctional Program from \$512,902,000 to \$512,755,000.

I am sustaining the \$2,600,000 legislative augmentation to implement a program to place inmates in residential aftercare treatment 120 days prior to release from prison, rather than upon parole. However, due to my strong concerns regarding public safety, I am directing the Department to develop regulations that clearly specify that inmates will not be eligible for this program who have been previously convicted of a serious or violent offense, or who are presently serving a sentence for a serious or violent offense.

I am sustaining the \$45,000,000 legislative augmentation to implement a Substance Abuse Treatment Control Unit program for non-violent parole violators who are not eligible for Proposition 36 and to implement a community detention program utilizing structured sanctions for other low-level parole violators. However, to ensure the safety of the citizens of California, I am directing the Department to develop regulations specifying that no individuals with an underlying serious or violent offense, or who have previously been convicted of a serious or violent offense will be eligible for these programs. In addition, these regulations are to specify that the community detention programs are only available if the parole violation is of a minor, technical nature.

I am deleting the \$147,000 legislative augmentation for the Sexually Violent Predators (SVPs) Conditional Release program, which the Legislature requested be transferred from the Department of Mental Health to the Department of Corrections (CDC). SVPs are repeat sex offenders who are diagnosed with mental illnesses and ordered into inpatient treatment upon completion of their criminal sentences. The Conditional Release program is necessary to monitor offenders and protect the public when courts order SVPs released into the community. The supervision, monitoring, and clinical treatment provided to SVPs under conditional release are essential to ensuring public safety. It is unclear at this time whether the CDC is appropriately equipped to provide all of the supervision and treatment services for this population. However, I will instruct the departments to explore the most effective and least costly way to provide supervision for these SVPs.

Item 6110-001-0890—For support of Department of Education. I reduce this item from \$129,929,000 to \$129,304,000 and revise Provisions 9 and 24.

I am reducing the legislative augmentation for support of special education dispute resolution services amount by \$123,000. This technical reduction eliminates funding for salary increases negotiated by the contractor. As the Budget provides for no augmentations for state employees, I believe it would be inequitable to fund salary increases for contracted employees. With this reduction, \$10,140,000 remains available for dispute resolution services. I am revising Provision 9 to conform to this action.

- “9. Of the funds appropriated in this item, ~~\$10,263,000~~ \$10,140,000 is for dispute resolution services, including mediation and fair hearing services, provided through contract for the Special Education Program.”

I am reducing the \$1,700,000 legislative augmentation for support of the Ravenswood City School Improvement Program by \$502,000. This technical reduction reflects the payment recently made for this purpose through the legal claim process. With this reduction, \$1,198,000 remains available to fully comply with the court-ordered payment for the State's share of monitoring this district's special education program. I am revising Provision 24 to conform to this action.

- “24. Of the funds appropriated in this item ~~\$1,700,000~~ \$1,198,000 shall be allocated to the Ravenswood City School District to support the costs of the court-ordered Ravenswood School Improvement Program.”

Item 6870-101-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98). I revise this Item by revising Provision 2.

I am revising Provision 2 to delete language that would limit any apportionment reduction for a given community college district related to concurrent enrollment to no more than ten percent of the statewide amount in order to ensure an equitable allocation of the reductions. The ten percent limitation would result in potentially disproportionate reductions to other districts. The provision would still provide sufficient authority for the Chancellor to mitigate reductions in the event such reductions would threaten fiscal solvency, which I believe to be sufficient.

- “2. Of the funds appropriated in Schedule (1), Apportionments:
- (a) Up to \$100,000 is for a maintenance allowance, pursuant to regulations adopted by the board of governors.
  - (b) Up to \$500,000 is to reimburse colleges for the costs of federal aid repayments related to assessed fees for fee waiver recipients. This reimbursement only applies to students who completely withdraw from college before the census date.
  - (c) The amount appropriated in this item reflects a reduction of \$25 million and approximately 6,500 full-time-equivalent students (FTES) based on a policy that revises allowable parameters for the claiming of state funding for concurrent enrollment. The chancellor shall allocate this reduction on a basis proportionate to the level of FTES reported by districts for concurrent enrollment in physical education, recreation, study skills, and personal development courses. However, nothing in this provision shall prohibit those districts from receiving growth allocations, as warranted, to the extent that designated funds are available. ~~No district shall receive a funding reduction that exceeds 10 percent of the statewide total reduction made pursuant to this subdivision.~~ Further, the chancellor may limit the amount of reduction for a district if, in the judgment of the chancellor, the district's financial integrity otherwise would be jeopardized. The chancellor shall report to the Legislature and the Governor by January 1, 2004, on how the reduction was allocated.
  - (d) Notwithstanding any other provision of law or regulation, the chancellor shall not reduce district workload obligations for a lack of a funded cost-of-living adjustment.”

Item 7350-001-0001—For support of Department of Industrial Relations. I delete Provision 1.

I am deleting Provision 1 because it conflicts with Labor Code provisions, which direct the Industrial Welfare Commission to conduct public hearings in at least three California cities, as specified. This language would prevent the Commission to choosing the most cost effective venue for meetings.

I am sustaining the \$27,095,000 augmentation which would provide partial year funding for the 80 percent General Fund share of workers' compensation program costs. This budget assumes that the 100 Percent User Funding proposal that I proposed in December will be enacted as a part of a larger workers' compensation reform package. I have already stated my support and intent to enact reforms in the workers' compensation system. I view this budget augmentation as a signal that the Legislature intends to include 100 Percent User Funding in the workers' compensation reform package. If user funding is not included in those reforms and enacted in a timely fashion, the Department will incur a significant General Fund deficiency.

Item 8100-101-0001—For local assistance, Office of Criminal Justice Planning. I delete Provision 3.

I am deleting Provision 3, as a technical correction, which would require the Office of Criminal Justice Planning to maintain all matching federal discretionary funds for the Homeless Youth Project and the Youth Telephone Emergency Referral Program for at least this fiscal year. This language is unnecessary since Schedules (4) and (5) of this item provide appropriations specifically intended to support the Homeless Youth Project and Youth Telephone Emergency Referral Program, including the use of these funds to match any available federal funds.

Item 8180-101-0001—For local assistance, payment to counties for costs of homicide trials. I delete Provision 3.

I am deleting Provision 3, which allows Stanislaus County to be reimbursed for 100 percent of its costs associated with the homicide trial of the People v. Scott Peterson. There is an existing procedure by which counties can procure reimbursements for costly homicide trials. Stanislaus County can apply for funds for this trial through that procedure; therefore this language is unnecessary.

Item 9210-103-0001—For local assistance, Local Government Financing. I delete this item and Provisions 1, 2, 3, and 4.

I am deleting this legislative augmentation, which restored \$500,000 of my proposed elimination of the special supplemental subventions for redevelopment agencies. These resources were provided to ensure that debt obligations supported by the special supplemental subventions would not be harmed. If redevelopment agencies have debt secured by that funding, there is an established process to ensure that they are not harmed.

I am deleting Provisions 1, 2, 3, and 4 to conform to this action.

SEC. 9.70—Information Technology Savings from Reduced Rates at the Health and Human Services Agency Data Center. I delete this Control Section.

I am deleting this control section because it would require that (1) the Health and Human Services Agency Data Center reduce its rates by 8 percent, (2) the approximate \$20 million in resultant savings be reduced from client department budgets for information technology, (3) the Department of Finance (Finance) capture the resultant savings and revert the funding to the

appropriate fund, and (4) Finance report to the Legislature on adjustments be made by November 1, 2004. While I support the need for the Data Center to set rates that provide cost effective information technology services, I believe this control section would hamper the Data Center's ability to do so. Rates set by the Data Center are predicated on both costs and projected utilization. To the extent that client department's funding for information technology is reduced, those departments would not have appropriate resources to pay for increased utilization. Any decrease in utilization from the projected levels would preclude the ability to actually lower the rates. Additionally, the requirement for the Data Center to reduce its rates is unnecessary, because the Data Center plans to reduce rates by an average of 8 percent for 2003-04.

With the above deletions, revisions, and reductions, I hereby approve Assembly Bill 1765.

A handwritten signature in black ink that reads "Gray Davis". The signature is written in a cursive, slightly stylized font. The "G" is large and loops around the "r". The "D" is also large and loops around the "v".

GRAY DAVIS